

# ADB Holds a Ministerial Conference on Central Asia Economic Cooperation

The Asian Development Bank (ADB) held its first Ministerial Conference on Central Asia Economic Cooperation on 25–26 March 2002 at its headquarters in Manila, Philippines. The Conference was attended by officials from the People's Republic of China, Kazakhstan, Kyrgyz Republic, Tajikistan, and Uzbekistan. M. Essenbayev, Minister of Economy and Trade led the Kazakhstan delegation to the Conference. Observer delegations from Azerbaijan, India, Mongolia, Pakistan, Turkey, Turkmenistan and representatives from major development partners also attended the Conference.

ADB President Tadao Chino in his opening remarks said, "Economic cooperation promotes stability and helps reduce poverty. Considering the high degree of interdependence, economic cooperation is particularly important to Central Asia."

Since 1997, ADB has built a strong partnership with the countries of Central Asia to promote economic cooperation. This partnership focuses on addressing the region's long-term development needs, particularly in transport, energy, and trade to reduce the region's locational disadvantages, promote the rational use of resources, and enhance market integration both within the region and with the outside world.

This is the first ministerial forum on economic cooperation in Central Asia under the partnership and a major international event after 11 September. The main objectives of the Conference were to provide guidance for prioritizing regional investment needs and effective resource mobilization to finance them, and to explore new prospects for cooperation in the context of the reconstruction of Afghanistan.



**MINISTERIAL CONFERENCE** Delegations from Azerbaijan, People's Republic of China, India, Kazakhstan, Kyrgyz Republic, Mongolia, Pakistan, Tajikistan, Turkey, Turkmenistan, and Uzbekistan participated in the Ministerial Conference on Central Asia Economic Cooperation on 25–26 March 2002 at ADB headquarters in Manila, Philippines.

The delegates expressed support for the focus on transport, energy, and trade and noted that human resource development is a crucial element in these sectors. They discussed and generally endorsed a 3-year rolling regional assistance program prepared by ADB. Based on the delegates' remarks, ADB will present a revised program for further consideration by the governments.

The institutional framework, established in January 2002, was seen as a milestone marking the beginning of a new phase in ADB's partnership with its member countries in Central Asia. Delegates considered that it would play a major role in strengthening subregional economic cooperation, and enhancing coordination with all development partners.

The delegates noted that recent events in Afghanistan and its overwhelming reconstruction challenges have broadened Central Asia's potential and its economic cooperation possibilities. ADB reaffirmed its commitment to rebuilding Afghanistan and mentioned projects under consideration for assistance in 2002.

They also unanimously supported Mongolia and Azerbaijan in becoming full participants in the regional economic cooperation program.

A statement, released at the conclusion of the Conference, underscored the view that regional economic cooperation is necessary for poverty reduction and the spread of stability and prosperity in Central Asia, and the need for ADB and all other development partners to cooperate closely in fostering economic and social development. ■

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# High-Level Poverty Reduction Forum

**A** high-level poverty reduction forum under ADB's technical assistance project for developing a comprehensive medium-term poverty strategy was held in Astana on 25–26 April 2002 to discuss the draft State Program for Poverty Reduction for 2003–2005. Representatives of central and local governments, members of Parliament, nongovernment organizations, private sector, and mass media attended the Forum.

Welcoming remarks were made by Mr. Mazhit Esenbayev, Minister of Economy and Trade (ADB Governor), Mr. Kunio Senga, Director of East and Central Asia Department of ADB, and Mr. Selva Ramachandran, United Nations Development Programme (UNDP) Deputy Resident Representative. The Minister of Economy and Trade stressed that poverty reduction has become the overarching goal for economic development of Kazakhstan. Mr. Senga emphasized that pro-poor economic growth must

be sustained to reduce poverty rapidly. This requires increased investment by both the public and private sectors, expanded activities in the manufacturing and rural sectors, as well as increased efficiency in delivery of government programs such as institutionalizing participatory mechanisms.

The Forum sessions covered a broad range of issues, including the process of programming, economic development and poverty, social development, regional disparities and the role of public institutions in poverty reduction initiatives, and monitoring and evaluation mechanisms of the Program. The second day was devoted to group work commenting on and improving the draft state program.

The draft state program for poverty reduction with ADB assistance reflects the multidimensional aspect of poverty and considers not only income poverty, but also nonincome factors, such as access to social services, infrastructure, and decision making. The draft program incorporates the efforts of many economic and social sector experts. The experts' findings show that the level of poverty has declined with the positive economic growth in the past 4 years. Despite the positive macroeconomic indicators and the decrease in the number of the poor since 1998, many other parameters have not shown significant improvement. These include the level of unemployment; health indicators, such as life expectancy at birth, incidence of tuberculosis, hepatitis, cancer, and micronutrient deficiencies; accessibility of free medical care; accessibility of schools in rural areas; and the physical deterioration of public utilities and infrastructure. The State Poverty Reduction Program for 2003–2005 is expected to be approved by the Government in the second half of 2002. ■



**BRIGHTER FUTURE** The level of poverty has declined with the positive economic growth in the past 4 years.

## Japan Special Fund Team Oversees TAs and Intensifies Visibility Campaign

**A**n ADB mission headed by Mr. Megumi Araki, Japan Special Fund (JSF) Coordinator, visited Kazakhstan from 26 February to 3 March 2002 and participated in the inception mission of the technical assistance (TA) for Technology and Institutional Development for the Sustainable Locust Management. The mission also inspected the TA grant for Capacity Building for Public Investment Programming (PIP). As provided by the Agreement establishing the Japan Special Fund (JSF), JSF staff participates in the review and evaluation of JSF-financed TAs. The JSF is funded mainly by contributions from the Government of Japan.

During the meeting with Ms. Liliya Musina, Vice Minister of Agriculture (MOA), the Government's overall view of the long-term plan for the agriculture sector, as well as the role of ADB assistance. MOA expressed the appreciation for the locust management TA.

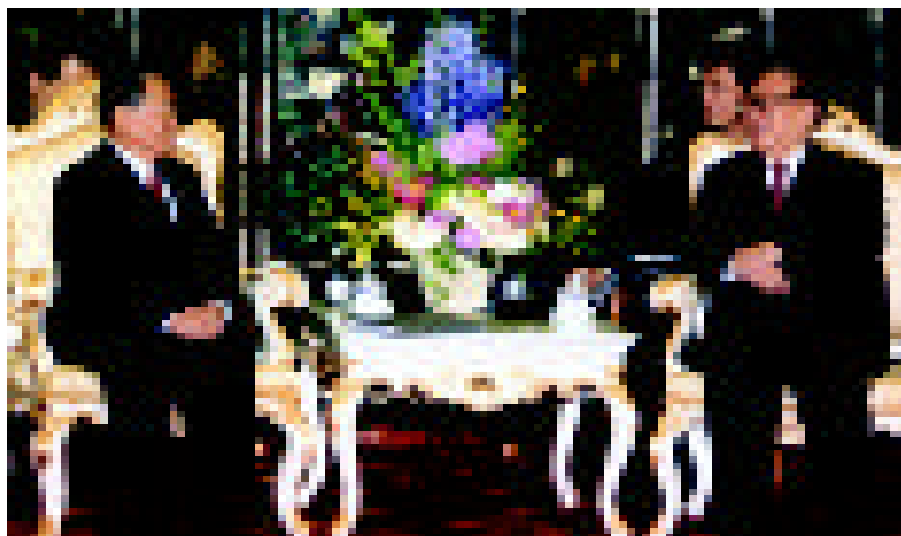
The team also met the Ministry of Economy and Trade (MOET) and discussed PIP's role in the new Government. MOET expressed its appreciation for the TA, which has been incorporated in the Government's budget and macroplanning.

The team took the opportunity to discuss the JSF visibility campaign and possible areas of cooperation with ADB Kazakhstan Resident Mission (KARM). It also met with representatives of the Japanese Embassy in Almaty and Astana and the Japan International Cooperation Agency (JICA) Adviser, to forge a cohesive action toward visibility of Japanese assistance in Kazakhstan, particularly the JSF. By continuously exchanging information and participating in workshops and seminars, in coordination with KARM, it is felt that awareness will be heightened leading to development partners' (nationals/taxpayers) understanding and appreciation of effective use of official development assistance. ■

# ADB Holds 35<sup>th</sup> Annual Meeting in Shanghai

The 35<sup>th</sup> Annual Meeting of the Board of Governors of the Asian Development Bank (ADB) was held in Shanghai, China on 10–12 May 2002. About 3,300 participants, including 1,600 from the private sector and nongovernment organizations (NGOs), were at the meeting. More than 400 representatives of mass media covered the event. President Jiang Zemin of the People's Republic of China (PRC) and ADB President Tadao Chino opened the Meeting.

Numerous seminars from 8 May preceded the Annual Meeting. These included separate consultative meetings of Pacific and Central Asian developing member countries with multilateral development banks. Seminars on development financial issues, four member country presentations for potential investors, and four sponsored seminars took place on 8–12 May. High-level government officials, senior executives of the private sector, and renowned academics participated in these seminars. A seminar on the PRC's reforms, prospects, and opportunities following its accession to the World Trade Organization—involving key government agencies and ministries—was held on 9 May.



**PRESIDENTS MEET** ADB President Tadao Chino and PRC President Jiang Zemin discussing regional cooperation and other matters at the 35<sup>th</sup> Annual Meeting in Shanghai

An NGO Forum took place on 8 May and provided an opportunity for NGO representatives to have discussions with President Tadao Chino and ADB staff.

A delegation of the Government of Kazakhstan, led by Arman Dunayev, Alternate Governor and Vice Finance Minister, participated in the Annual Meeting. In his speech at the Meeting, Mr. Dunayev reported the recent economic development of Kazakhstan and

outlined the Government's medium-term development priorities, which are transport and communications, energy, small and medium enterprise development, and water supply. Mr. Dunayev appreciated ADB's role in Kazakhstan's development and in regional cooperation.

The 36<sup>th</sup> Annual Meeting of the Board of Governors of ADB will be held in Istanbul, Turkey on 24–26 May 2003. ■

## High-Level Consultations Held

Asian Development Bank (ADB) Vice-President Joseph Eichenberger visited Kazakhstan on 14–17 March to further strengthen the partnership between ADB and the Government. He met with Prime Minister Imangali Tasmagam-betov, Deputy Prime Minister Alexander Pavlov, and other senior government officials to discuss policy issues and the country's development challenges and achievements, and ADB's future role in Kazakhstan.

The Prime Minister expressed appreciation for ADB assistance and requested ADB to initiate nonsovereign guaranteed operations. The ADB Vice-President praised the country's economic performance and advised the Government to diversify the economy and increase competitiveness of domestic industries. ■

An ADB mission comprising Directors of East and Central Asia Agriculture and Environment, Infrastructure, Operations Coordination Divisions and Private Sector Operations Department visited Kazakhstan on 23–25 April to have high-level consultations with the Government on the strategic directions of ADB assistance to the country.

The Mission met with Deputy Prime Minister and Finance Minister, Minister of Economy and Trade, President of the Development Bank of Kazakhstan, Chairman of the Agency for Strategic Planning, and other senior government officials. The Government indicated the priority areas for ADB assistance in transport, water supply, agriculture, rural development, and private sector. ■

## Outlook: Asian Growth to Accelerate

On 12 April, the Kazakhstan Resident Mission held a press briefing on the newly released *Asian Development Outlook 2002 (ADO)*, an annual publication analyzing and forecasting economic trends in the Asian and Pacific region. Mr. Hong Wang, Country Director, presented the report's main findings. The ADO states that after a turbulent 1997–2001 period, developing Asia is returning to a more sustainable pace of economic growth in 2002–2003 due to a gradual recovery in global trade and a moderate improvement in capital flows to the region. The region's average gross domestic product (GDP) growth is projected to rise to 4.8% in 2002 and 5.8% in 2003 from 3.7% posted in 2001. ADO notes that there will be considerable variance in economic performance among subregions including Central Asia. ■

### ADB Country Programming for 2003-2004 undertaken

**A**DB's country programming mission (CPM) visited Kazakhstan on 21–31 May 2002 and held wide-ranging discussions with the Government, Parliament, NGOs, and other development partners to prepare ADB's assistance program for 2003–2004. The CPM and the Government exchanged views on various economic and operational issues. The Memorandum of Understanding that summarizes the key understandings reached between ADB and the Government was signed. The main objective of ADB assistance program for 2003–2004 in Kazakhstan is to reduce poverty through sustained and broad-based economic growth, improved provision of critical public services, revival of economic activity in the rural sector, and effective governance.

### Project Accounting Workshop Improves Understanding of Procedures

**T**he Asian Development Bank held a seminar on Accounting Principles and Procedures in Astana on 29–30 May 2002. Twenty-one participants from the Ministries of Finance, Economy and Trade, Agriculture, Transport and Communication, and Environmental Protection and Natural Resources attended the seminar. Mr. Ping-Yung Chiu, Controller, and Mr. Gabriel Ho, Senior Control Officer, conducted the seminar. At the seminar, participants learned ADB's loan disbursement policies, guidelines, and procedures, as well as financial reporting requirements and project accounting. The participants evaluated the seminar as very useful because it made an important contribution to the executing agencies staff's understanding of ADB's accounting principles and disbursement procedures.

### Regional Project Implementation and Administration Seminar

**O**n 21–31 May 2002, ADB conducted a Regional Seminar on Project Implementation and Administration at its headquarters in Manila, Philippines. About 50 government officials from developing member countries involved in project implementation participated in the seminar. Ms. Aida Mazinova, Finance Specialist of the Budget Department of the Ministry of Agriculture of Kazakhstan, participated in the Seminar.

The objectives of the Seminar were to familiarize project managers with important features of ADB's operations, project implementation and administration, and procedures on recruitment of consultants, procurement of goods and civil works, and disbursements under ADB loans. The participants found the seminar very useful and highly successful.

### Almaty-Bishkek Regional Road Rehabilitation Loan Effective

**A**n ADB \$52 million loan to rehabilitate the road between Almaty and Bishkek was declared effective on 31 May 2002. The project will improve the efficiency and safety of the regional road by rehabilitating road infrastructure, upgrading cross-border facilities, and modernizing border control policies and procedures.

### Asia Takes Concrete Steps in Anticorruption Drive

**R**epresentatives of 14 member countries held a second meeting of the Anticorruption Action Plan's Steering Group at ADB headquarters on 27–28 May 2002. The Action Plan for Asia-Pacific countries was endorsed at the Tokyo meeting in November 2001. Under the Action Plan, governments are

developing effective and transparent systems for public service, strengthening antibribery actions, promoting integrity in business operations, and launching public awareness programs. Kazakhstan became the 18<sup>th</sup> country to endorse the Action Plan on 22 May 2002. The next meeting of the Steering Group will take place in early 2003 to make a first assessment of the impact of anticorruption measures taken under the Action Plan.

### ADB Helps Its Developing Member Countries Better Understand WTO

**O**n 17 June 2002, the Asian Development Bank (ADB) announced that it will provide a \$450,000 regional technical assistance (RETA) grant to help its developing member countries better understand and implement the World Trade Organization (WTO) trading system.

The RETA will assist members to participate in a new round of WTO negotiations and help countries that have applied for WTO membership. The capacity-building program will focus on trade and customs. The trade component comprises a high-level meeting on the WTO trading system and a course on Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement, including border enforcement.

The customs component includes a course on trade facilitation, with an emphasis on the World Customs Organization Convention on the Simplification and Harmonization of Customs Procedures (Revised Kyoto Convention), and a course on WTO Customs Valuation Agreement, including a post-entry audit system. The first of these four activities, the High-Level Meeting on the WTO Trading System, will be held in Bangkok, Thailand from 31 July to 2 August 2002.

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## NEWS FROM ADB Kazakhstan

The quarterly newsletter of the Asian Development Bank (ADB) Kazakhstan Resident Mission (KARM) aims to enhance communications between ADB and its client groups. *News from Kazakhstan* disseminates information on ADB activities and provides a forum on development issues in Kazakhstan. Articles in the newsletter, however, do not necessarily reflect the official ADB view. We welcome readers' comments and suggestions.